

THE HOMESTEAD TAX CREDIT PROGRAM: SUMMARY FOR FY 2006

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TABLE OF CONTENTS

	Page
A. Introduction.....	1
B. Description of Credit Program	
1. Eligibility Criteria	1
2. Formula for Determining Benefits.....	2
C. History	
1. Enactment and Legal Challenges.....	3
2. Growth in Claims and Credits.....	4
3. Homestead Formula Parameters	6
D. Benefits by Characteristics of Participants	
1. Age	8
2. Income	8
3. Income Sources.....	9
4. Dependents	10
5. Housing Status	10
6. Geographic Distribution by County	13
E. Appendix	18

THE HOMESTEAD TAX CREDIT PROGRAM: SUMMARY FOR FY06

A. INTRODUCTION

The Homestead Tax Credit Program was established in June of 1964 to mitigate the impact of high real estate taxes on low-income households by providing direct property tax relief through a circuit-breaker mechanism.

The underlying principle of a circuit-breaker is that property taxes exceeding a certain percentage of income constitute an overload to the taxpayer and should be offset at least partially with state-funded assistance. Assistance in this case takes the form of a refundable credit that can be applied against state income taxes due or received as a cash rebate. Wisconsin pioneered this method of relating property taxes to income in determining the amount of relief.

A total of 239,546 Wisconsin tax filers claimed Homestead credits amounting to \$121.9 million in FY06. The average credit was \$509.

B. DESCRIPTION OF CREDIT PROGRAM

The amount of the credit is determined by a claimant's household income and property taxes. The maximum credit is \$1,160 for those with household income of no more than \$8,000 and property taxes of \$1,450. The amount of the credit phases out as income surpasses \$8,000 and no credit is available for those with income over \$24,500. The \$24,500 income ceiling used in the Homestead formula has remained unchanged since 2001. The property tax ceiling of \$1,450 and income threshold for the maximum credit of \$8,000 have remained unchanged since 1991 and 1990, respectively.

1. Eligibility Criteria

The basic requirements for Homestead relief relate to age and income. To qualify for benefits on claims filed in 2006, for property taxes accrued in 2005, a person must own or rent his or her residence, be at least 18 years of age, and have household income of not more than \$24,500. For renters, 25% of rent paid or accrued (or 20% if the rent includes heat) is considered property taxes for purposes of computing the credit.

"Household income" is broadly defined as total cash income, less \$250 for each dependent. It includes taxable income from all sources, such as wages and salaries, interest and dividends, and pension and annuity income. It also includes most nontaxable transfers, such as social security, railroad retirement benefits, veterans' pension and disability payments, public assistance, court-ordered support payments, scholarships and fellowships, GI benefits, and other cash amounts. In addition, depreciation claimed for state income tax purposes, excluding long-term capital gains, contributions to individual retirement accounts (IRAs), and other types of tax-preference income are included in household income.

Additional conditions for Homestead eligibility require that an applicant—

- be a legal resident of Wisconsin for the entire calendar year for which the claim is made;
- not be claimed as a dependent on another person's federal income tax return during the current tax year;
- reside in a homestead subject to real estate taxes;
- not claim tax credits under the Farmland Preservation Program on property taxes for which relief is also being sought through the Homestead program; and
- not live in a nursing home or receive Title XIX medical assistance.

2. Formula for Determining Benefits

The two most important factors in determining the amount of benefits an applicant may receive under the Homestead program are the applicant's income and property taxes. For calendar year 2006 claims, the credit is available to households with income less than \$24,500. The maximum amount of property taxes recognized by the formula is \$1,450. For renters, 25% of rent is considered to be property taxes if the rent payment does not include heat, 20% of rent is considered to be property taxes if rent includes heat.

Farmers are permitted to claim relief on the portion of their total property taxes attributable to their home plus a maximum of 120 acres of surrounding farmland.

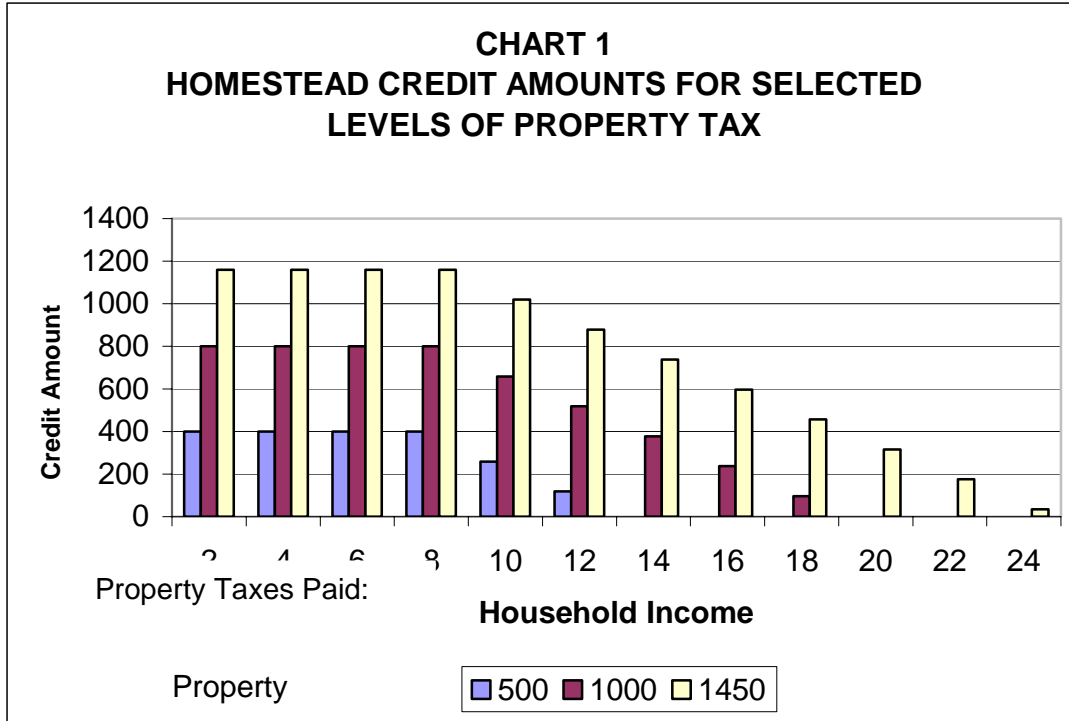
The parameters used to compute the actual credit allowed to a Homestead claimant are as follows:

- The property tax ceiling—the maximum amount of property taxes allowed to be claimed toward the credit—is \$1,450.
- The income threshold, the amount of household income at which Homestead benefits begin to phase out, is \$8,000. For persons with income equal to or below the threshold, the credit is 80% of the property tax paid (up to \$1,450).
- For persons with income above \$8,000, the credit is equal to 80% of the amount by which the reported property tax exceeds 8.788% of household income in excess of \$8,000. That is:

$$\text{credit} = .80 \times [\text{property tax} - .08788 \times (\text{household income} - \$8,000)].$$

- The maximum credit available is \$1,160 (i.e., 80% x \$1,450).

Chart 1 shows Homestead credit amounts for selected income and property tax levels.



C. HISTORY

1. Enactment and Legal Challenges

When first enacted, the Homestead program provided relief to low-income homeowners or renters aged 65 or older with household incomes of \$3,000 or less. The early Homestead credit faced legal challenges on the grounds that it violated the uniformity clause of the State Constitution, which requires that property taxes—including property tax relief—be uniform. However, in 1966, the Wisconsin Supreme Court ruled in *Harvey v. Morgan* that the Homestead program was essentially a welfare program rather than property tax relief. The Court's determination was based on the following:

- a. The statutory language creating the program explicitly stated that Homestead was a relief program;
- b. The relief is available to both renters and homeowners;
- c. The credit is tied to the characteristics of the individual (e.g., age, income, cost of shelter), not to the characteristics of the property;
- d. Property owners receiving the relief pay their property tax bill in full, but receive a credit against their income taxes from the state's general fund; and
- e. The administration of the law is tied to the income tax system rather than to the property tax system.

2. Growth in Claims and Credits

Initially a small program, providing \$1.8 million in payments to 30,715 claimants, Homestead grew quickly. Table 1 shows that growth in Homestead expenditures has been uneven, the result of occasional changes in credit parameters that increase the number and amount of credits, followed by periods of declining claims and credits as inflation erodes the value of the income ceiling.

FY80 remains the year with the highest number of claimants in the history of the program. As shown in the table, \$92.6 million in credits was provided to 318,000 claimants in FY80. FY05 was the year with the highest amount of credits paid, \$125.7 million to about 250,000 claimants. While the number of claims and the amount of credits have fluctuated, the average credit has grown more steadily, rising from \$60 in FY65 to \$509 in FY06.

Increases in the maximum property tax eligible for relief, the income threshold, and income ceiling have also contributed to spurts in the number of claims and the amount of credits.

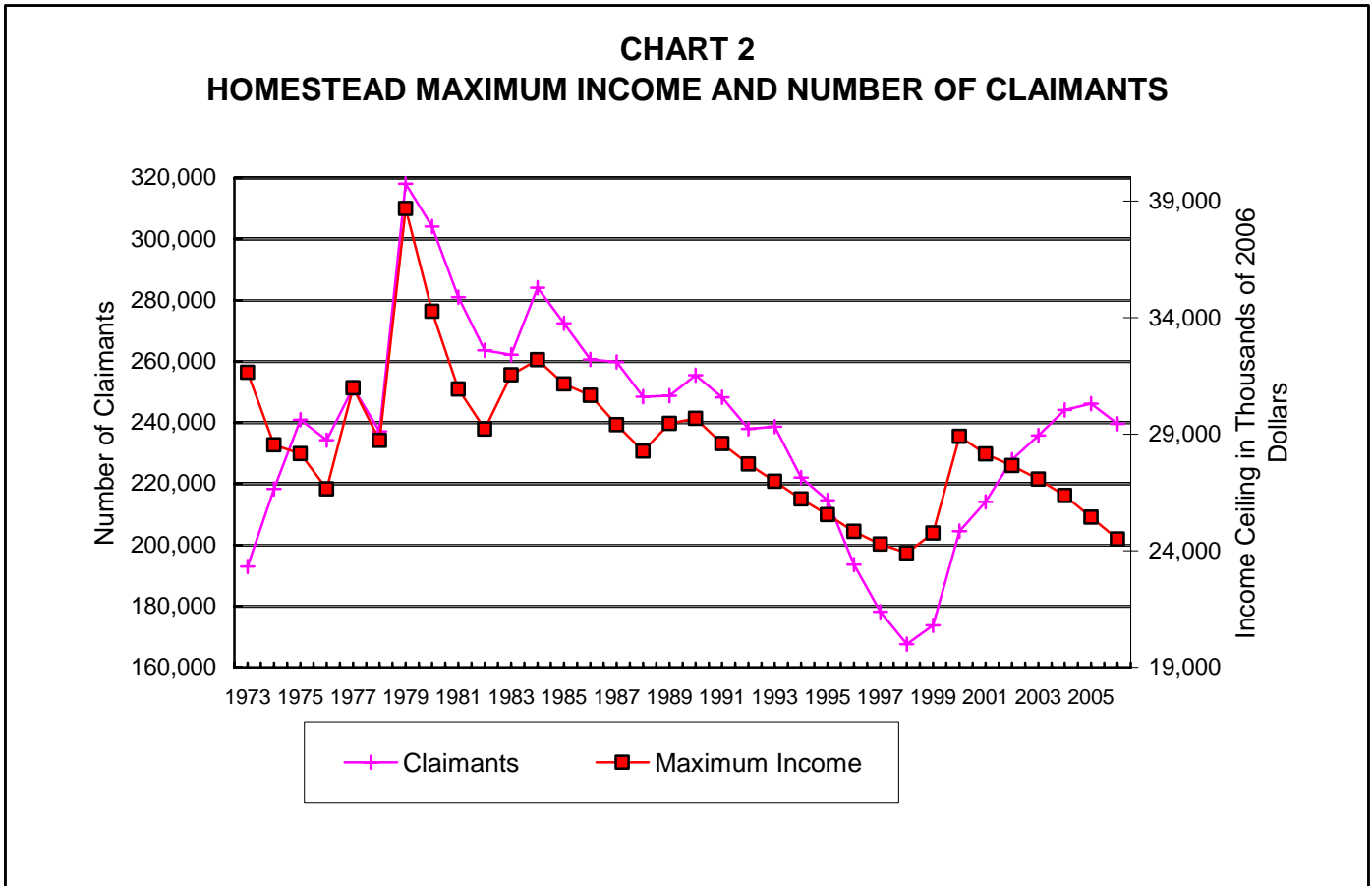
Major expansion occurred in FY67 (formula changes), FY74 (expansion of the program to include adults under 62 years of age), FY80 (formula changes) and FY01 (formula changes). From FY80 through FY99, the number of Homestead claimants generally declined, primarily because adjustments to the income ceiling did not keep up with the rate of inflation. From FY01 to FY05, the number of Homestead credit claimants has increased by an average of 5% annually, but recent claims have not reached the peak of the early 1980s.

In 2005, a simplified, one page Homestead credit form, called Homestead-EZ, was introduced. About 25% of tax year 2005 claimants filed the EZ form. People who filed electronically or at VITA (Volunteer Income Tax Assistance) sites used the electronic extended forms even though they could have used the simplified form. If they had filed the EZ form, the usage of the EZ form would have been considerably greater.

TABLE 1
WISCONSIN HOMESTEAD TAX CREDITS
FY65 - FY06

Fiscal Year	Homestead Funding		Claims		Average Credit	
	Amount (\$)	% Change	Count	% Change	Amount (\$)	% Change
1965	\$1,829,400	-	30,715	-	\$60	-
1966	2,090,100	14.3%	33,046	7.6%	63	6.2%
1967	4,201,900	101.0%	58,716	77.7%	72	13.1%
1968	6,141,800	46.2%	66,786	13.7%	92	28.5%
1969	6,129,200	-0.2%	67,401	0.9%	91	-1.1%
1970	7,223,600	17.9%	73,680	9.3%	98	7.8%
1971	6,739,800	-6.7%	70,704	-4.0%	95	-2.8%
1972	10,025,800	48.8%	78,684	11.3%	127	33.7%
1973	9,178,400	-8.5%	80,786	2.7%	114	-10.8%
1974	35,410,800	285.8%	192,921	138.8%	184	61.6%
1975	41,613,700	17.5%	218,312	13.2%	191	3.9%
1976	49,754,500	19.6%	240,966	10.4%	206	8.3%
1977	48,139,000	-3.2%	234,201	-2.8%	206	-0.5%
1978	66,051,700	37.2%	251,374	7.3%	263	27.8%
1979	62,467,900	-5.4%	237,072	-5.7%	264	0.3%
1980	92,577,600	48.2%	318,030	34.1%	291	10.5%
1981	91,937,000	-0.7%	304,065	-4.4%	302	3.9%
1982	90,516,700	-1.5%	281,028	-7.6%	322	6.5%
1983	83,750,174	-7.5%	263,597	-6.2%	318	-1.4%
1984	86,025,528	2.7%	262,177	-0.5%	328	3.3%
1985	105,214,720	22.3%	284,019	8.3%	370	12.9%
1986	102,662,679	-2.4%	272,410	-4.1%	377	1.7%
1987	102,618,681	0.0%	260,632	-4.3%	394	4.5%
1988	103,829,374	1.2%	259,814	-0.3%	400	1.5%
1989	99,449,998	-4.2%	248,414	-4.4%	400	0.2%
1990	106,410,166	7.0%	248,802	0.2%	428	6.8%
1991	112,273,243	5.5%	255,487	2.7%	439	2.7%
1992	105,505,779	-6.0%	248,249	-2.8%	425	-3.3%
1993	104,410,544	-1.0%	237,891	-4.2%	439	3.3%
1994	109,392,680	4.8%	238,708	0.3%	458	4.4%
1995	100,910,660	-7.8%	221,392	-7.3%	456	-0.5%
1996	96,323,808	-4.5%	214,530	-3.1%	450	-1.3%
1997	86,769,052	-9.9%	193,547	-9.8%	448	-0.4%
1998	79,816,730	-8.0%	178,150	-8.0%	448	-0.1%
1999	77,180,545	-3.3%	167,547	-6.0%	461	2.8%
2000	79,956,454	3.6%	173,739	3.7%	460	-0.1%
2001	99,568,850	24.5%	204,516	17.7%	487	5.8%
2002	104,420,000	4.9%	214,101	4.7%	488	0.2%
2003	113,411,348	8.6%	227,871	6.4%	498	2.0%
2004	119,752,255	5.6%	237,814	3.5%	508	2.0%
2005	127,227,514	6.2%	252,215	6.1%	504	-0.8%
2006	121,891,762	-4.2%	239,546	-5.0%	509	1.0%

The following chart shows the number of claimants compared with the maximum income for claiming the credit in 2006 dollars. As shown in the chart, the largest number of claimants occurred in 1980 when the real income ceiling was at its peak, at more than \$38,000 in 2006 dollars.



3. Homestead Formula Parameters

Since FY74, the Homestead benefit formula has taken the form:

$$\text{Homestead credit} = .80 \times [\text{property taxes} - (\text{slope} \times (\text{income} - \text{income threshold}))]$$

In the formula, property taxes may not exceed the property tax ceiling set by statutes—taxes in excess of the property tax ceiling are ignored. Households with incomes below the income threshold receive credits equal to 80% of their property taxes. Households with incomes above the income threshold have their qualifying property taxes reduced by the slope times the amount by which their income exceeds the income threshold. The maximum income, above which the Homestead credit is zero, is not explicitly shown in the formula; rather, it is implied by the slope. The maximum income and slope are specified in the statutes.

Table 2 shows the formula parameters over the life of the Homestead program.

TABLE 2
HOMESTEAD FORMULA PARAMETERS
FY65 - FY06

Fiscal Years	Minimum Age	Maximum Benefit (\$)	Maximum Income (\$)	Property Tax Ceiling (\$)	Relief Rate	Income Threshold (\$)	Maximum Acres
1965-66	65	\$ 225	\$ 3,000	\$ 300	75%	-	1
1967-69	65	225	3,500	300	75%	500	40
1970-71	65	248	3,700	330	75%	500	40
1972-73	62*	400	7,000	500	75%	1,000	40
1974-75	18	400	7,000	500	80%	3,500	80
1976-77	18	428	7,500	535	80%	3,750	120
1978-79	18	640	9,300	800	80%	4,000	120
1980-81	18	800	14,000	1,000	80%	5,000	120
1982-83	18	800	14,000	1,000	80%	6,000	120
1984	18	880	15,500	1,100	80%	7,000	120
1985-86	18	960	16,500	1,200	80%	7,400	120
1987-89	18	960	16,500	1,200	80%	7,600	120
1990	18	1080	18,000**	1,350	80%	8,000	120
1991-99	18	1160	19,154	1,450	80%	8,000	120
2000	18	1160	20,290	1,450	80%	8,000	120
2001-06	18	1160	24,500	1,450	80%	8,000	120

* 60 for disabled.

** Beginning in 1989-90, household income is reduced by \$250 for each dependent so that households with incomes above the formula maximum may remain eligible.

In addition to these changes, the definition of "household income" has been modified over time to take more fully into account the income items that are deducted or excluded from adjusted gross income. For example, depreciation (which is subtracted from income to determine Wisconsin adjusted gross income for income tax purposes) has been added back to determine household income for Homestead purposes since 1982.

Similarly, other minor adjustments have been made to household income items such as contributions to individual retirement accounts (IRAs), Keogh and deferred compensation plans, nontaxable income of American Indians, the housing allowance received by the clergy, value of a resident manager's free or reduced rent, net operating loss carry-forwards, capital loss carry-forwards, and IRC section 179 expense deductions.

Beginning with claims filed in 1990, household income is reduced by \$250 for each dependent. This change was enacted to recognize the economic burdens faced by larger families.

D. BENEFITS BY CHARACTERISTICS OF PARTICIPANTS

Persons must meet age and certain other requirements to claim the credit. The amount of credit is determined by the claimant's household income and property tax burden. The following sections provide information about applicants by age, income, and housing status.

1. Age

The Homestead program originally was limited to elderly, low-income property taxpayers, and renters. In FY74, eligibility was extended to all adults who meet income parameters.

Table 3 shows the distribution of claimants by age in FY06, the average property tax, the average household income, the average credit and the percent of property tax covered by the credit. As the table shows, persons aged 65 and older, as a group, are the main beneficiaries of the program; they account for about 38% of the claimants and 35% of benefits received.

Also as shown in the table, persons 65 and older had the highest average property tax burden of the groups presented and received the lowest average credit. A lower average credit is likely because the credit phases out at higher levels of household income and that group had the highest average household income.

TABLE 3
WISCONSIN HOMESTEAD CREDIT BY AGE, FY06

Age	Claimants		Property Tax		Household Income		Benefits			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	Avg. Income (\$)	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Unknown	5,794	2.4%	\$ 7,743,249	\$ 1,336	\$ 70,539,288	\$ 12,175	\$ 2,957,046	2.4%	\$ 510	38.2%
18-25	22,164	9.3%	23,427,795	1,057	254,251,848	11,471	10,439,672	8.6%	471	44.6%
26-35	28,268	11.8%	38,562,524	1,364	350,549,103	12,401	15,119,268	12.4%	535	39.2%
36-45	30,819	12.9%	46,435,443	1,507	374,175,380	12,141	17,195,066	14.1%	558	37.0%
46-55	34,900	14.6%	53,583,776	1,535	407,901,517	11,688	19,499,344	16.0%	559	36.4%
56-60	15,796	6.6%	25,470,686	1,612	191,022,750	12,093	8,672,114	7.1%	549	34.0%
61-62	5,654	2.4%	9,051,189	1,601	70,728,295	12,509	2,964,120	2.4%	524	32.7%
63-65	5,548	2.3%	8,591,732	1,549	75,768,806	13,657	2,673,768	2.2%	482	31.1%
65 and older	90,603	37.8%	159,106,456	1,756	1,346,201,138	14,858	42,371,364	34.8%	468	26.6%
Total	239,546	100.0%	\$ 371,972,850	\$ 1,553	\$ 3,141,138,125	\$ 13,113	\$ 121,891,762	100.0%	\$ 509	32.8%

2. Income

By design, Homestead provides relief to low-income households. The average household income of all Homestead claimants in FY06 was \$13,113. The average income of renters was somewhat lower at \$11,952 while the average income of homeowners was higher at \$14,544. The following table shows the credit by household income group. As shown in the table, the average credit decreases as household income increases, ranging from \$933 for the lowest income group to \$307 for the highest income group.

TABLE 4
HOMESTEAD BENEFITS BY INCOME CLASS , FY06

Household Income	Claimants		Property Tax		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Less than \$0	3,633	1.5%	\$ 7,478,216	\$ 2,058	\$ 3,391,102	2.8%	\$ 933	45.3%
\$0 to \$2,500	4,986	2.1%	6,585,691	1,321	3,991,570	3.3%	801	60.6%
\$2,500 to \$8,000	34,754	14.5%	38,383,343	1,104	24,983,490	20.5%	719	65.1%
\$8,000 to \$15,000	101,954	42.6%	132,866,909	1,303	60,610,546	49.7%	594	45.6%
\$15,000 to \$24,500	94,219	39.3%	186,458,691	1,979	28,915,054	23.7%	307	15.5%
Total	239,546	100.0%	\$ 371,972,850	\$ 1,553	\$ 121,891,762	100.0%	\$ 509	32.8%

Table 1A, in the appendix, shows the credit amount at selected levels of income and property tax.

3. Income Sources

Homestead claimants receive income from a variety of sources. Social security is the most important income source, which is consistent with the large number of Homestead claimants who are elderly. Wages and salaries are the second most important source of income, although the average amounts suggest that these earnings are from low-wage jobs, part-time employment or both.

Table 5 details the sources of income for Homestead claimants. The information in the table is derived from the 2003 Individual Income Tax Model using a stratified sample of approximately 21,615 income tax and Homestead credit returns filed for tax year 2003 weighted to represent the population of tax filers and Homestead claimants. Data for 2005 are not yet available.

Over half (67%) of Homestead claimants file income tax returns, though less than 2% of these claimants actually have a net tax liability before the Homestead credit is applied. For those claimants with tax liability prior to the Homestead credit, the average tax due was \$170. Since the Homestead credit averages about \$500, the vast majority of Homestead claimants receive a refund check.

TABLE 5
SOURCES OF HOUSEHOLD INCOME FOR HOMESTEAD FILERS, 2003

	Filers with Tax Returns			Filers without Tax Returns			All Filers		
	Amount (\$)	% of Total	# of Returns	Amount (\$)	% of Total	# of Returns	Amount (\$)	% of Total	Avg. Amt. (\$)
TAXABLE SOURCES									
Wages	\$942,245,718	50.7%	85,596	N/A	N/A	N/A	N/A	N/A	N/A
Interest and Dividends	84,262,258	4.5	70,062	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	1,026,507,976	55.3	125,784	\$47,696,478	5.4%	34,854	\$1,074,204,454	39.3%	\$6,687
Farm Income	-55,123,472	-3.0	4,555	0	0	0	-55,123,472	0	5,448
Business Income	63,887,288	3.4	20,542	0	0	0	63,887,288	0	17,693
Other Taxable	31,800,095	1.7	80,940	11,708,280	1.3	5,328	43,508,375	1.6	504
Total Taxable	1,067,071,887	57.5	135,108	59,404,758	6.8	40,182	1,150,223,782	42.1	6,562
NONTAXABLE SOURCES									
Social Security	572,924,875	30.8	54,504	733,734,198	83.6	72,594	1,306,659,073	47.8	10,281
Rail Road Retirement	6,806,964	0.4	1,665	14,833,818	1.7	1,554	21,640,782	0.8	6,723
Unemployment Comp.	46,254,759	2.5	12,879	5,328,222	0.6	888	51,582,981	1.9	3,747
Pensions	20,073,144	1.1	5,553	51,937,122	5.9	20,868	72,010,266	2.6	2,725
Public Assistance	2,995,446	0.2	888	1,118,658	0.1	666	4,114,104	0.2	2,647
Other Nontaxable	162,229,656	8.7	49,526	13,574,634	1.5	4,884	175,804,290	6.4	3,231
Total Nontaxable	804,477,880	43.3	97,034	820,526,652	93.5	75,480	1,610,170,714	58.9	9,334
DEPENDENT DEDUCTION	14,324,750	0.8	31,869	2,664,000	0.3	5,328	16,988,750	0.6	457
TOTAL INCOME	\$1,857,225,017	100.0%	137,439	\$877,267,410	100.0%	77,256	\$2,734,492,427	100.0%	\$12,737

Source: 2003 Wisconsin Individual Income Tax Model.

4. Dependents

Beginning with claims filed in 1990, the Homestead formula reduces household income by \$250 for each dependent in a household. For households with income in excess of \$8,000, this provision increases the credit by about \$18 per dependent. Homestead claimants reported a total of 89,207 dependents in FY06. Tables 6 and 7 show the distribution of dependents by income class, housing status, and age group.

TABLE 6
HOMESTEAD DEPENDENTS BY INCOME CLASS, FY06

Household Income	Renters		Owners		Total	
	Count	% of Total	Count	% of Total	Count	% of Total
Less than \$0	384	0.7%	1,184	3.9%	1,568	1.8%
\$0 to \$2,500	1,646	2.8%	736	2.4%	2,382	2.7%
\$2,500 to \$8,000	10,619	18.1%	3,248	10.7%	13,867	15.5%
\$8,000 to \$15,000	25,755	43.8%	9,156	30.1%	34,911	39.1%
\$15,000 to \$24,500	20,351	34.6%	16,128	53.0%	36,479	40.9%
Total	58,755	100.0%	30,452	100.0%	89,207	100.0%

TABLE 7
HOMESTEAD DEPENDENTS BY AGE GROUP OF CLAIMANT, FY06

Age	Renters		Owners		Total	
	Count	% of Total	Count	% of Total	Count	% of Total
Unknown	1,591	2.7%	513	1.7%	2,104	2.4%
18-25	10,431	17.8%	883	2.9%	11,314	12.7%
26-35	21,941	37.3%	6,113	20.1%	28,054	31.4%
36-45	15,864	27.0%	11,794	38.7%	27,658	31.0%
46-55	6,497	11.1%	7,948	26.1%	14,445	16.2%
56-60	973	1.7%	1,358	4.5%	2,331	2.6%
61-62	213	0.4%	337	1.1%	550	0.6%
63-65	201	0.3%	251	0.8%	452	0.5%
65 and older	1,044	1.8%	1,255	4.1%	2,299	2.6%
Total	58,755	100.0%	30,452	100.0%	89,207	100.0%

5. Housing Status

Homeowners received \$63.3 million (or 52%) of the total \$121.9 million in credits in FY06 and renters received \$58.6 million (or 48%). Homeowners accounted for 45% of the number of claims and renters the remaining 55% of claims. As a result, the average credit for homeowners was \$546, compared with an average of \$478 for renters. Tables 8 and 9 show the distribution of benefits between homeowners and renters by housing status, income class, and age group.

As shown in Table 8, at income levels up to \$15,000, total benefits paid to renters are larger than benefits paid to homeowners. This occurs because at these income levels, the larger number of claims by renters offsets lower average benefits per claim. At higher income levels, most of the benefits are paid to homeowners. Similarly, Table 9 shows that renters received greater total benefits than owners in younger age groups,

again, because the number of claims by renters in the younger age groups exceeds the claims by owners in those age groups and the average benefits are larger for owners.

TABLE 8
HOMESTEAD CREDIT BY INCOME CLASS AND PROPERTY OWNERSHIP, FY06

Renters								
Household Income	Claimants		Property Tax		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Credit (\$)	% of Total	Avg. Credit (\$)	% of Relief
Less than \$0	1,495	1.1%	\$ 1,628,601	\$ 1,089	\$ 1,159,632	1.8%	\$ 776	71.2%
\$0 to \$2,500	3,067	2.3%	2,881,631	940	2,127,060	3.4%	694	73.8%
\$2,500 to \$8,000	25,715	19.4%	21,817,511	848	16,531,506	26.1%	643	75.8%
\$8,000 to \$15,000	64,458	48.7%	62,440,147	969	32,662,664	51.6%	507	52.3%
\$15,000 to \$24,500	37,548	28.4%	56,231,695	1,498	10,805,304	17.1%	288	19.2%
Total	132,283	100.0%	\$ 144,999,585	\$ 1,096	\$ 63,286,166	100.0%	\$ 478	43.6%

Owners								
Household Income	Claimants		Property Tax		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Credit (\$)	% of Total	Avg. Credit (\$)	% of Relief
Less than \$0	2,138	2.0%	\$ 5,849,615	\$ 2,736	\$ 2,231,470	3.8%	\$ 1,044	38.1%
\$0 to \$2,500	1,919	1.8%	3,704,060	1,930	1,864,510	3.2%	972	50.3%
\$2,500 to \$8,000	9,039	8.4%	16,765,832	1,855	8,451,984	14.4%	935	50.4%
\$8,000 to \$15,000	37,496	35.0%	70,426,762	1,878	27,947,882	47.7%	745	39.7%
\$15,000 to \$24,500	56,671	52.8%	130,226,996	2,298	18,109,750	30.9%	320	13.9%
Total	107,263	100.0%	\$ 226,973,265	\$ 2,116	\$ 58,605,596	100.0%	\$ 546	25.8%

TABLE 9
HOMESTEAD CREDIT BY AGE AND PROPERTY OWNERSHIP, FY06

Renters										
Age	Claimants		Property Tax		Household Income		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	Avg. Income (\$)	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Unknown	3,860	2.9%	\$ 3,953,751	\$ 1,024	\$ 42,722,420	\$ 11,068	\$ 1,880,538	3.0%	\$ 487	47.6%
18-25	20,614	15.6%	20,557,520	997	231,603,461	11,235	9,648,248	15.2%	468	46.9%
26-35	22,854	17.3%	27,690,912	1,212	276,626,102	12,104	12,124,318	19.2%	531	43.8%
36-45	19,986	15.1%	23,627,145	1,182	232,373,406	11,627	10,839,992	17.1%	542	45.9%
46-55	19,286	14.6%	2,097,877	109	216,638,066	11,233	10,048,172	15.9%	521	479.0%
56-60	7,454	5.6%	7,426,186	996	82,579,147	11,079	3,632,904	5.7%	487	48.9%
61-62	2,581	2.0%	2,580,941	1,000	29,333,178	11,365	1,210,878	1.9%	469	46.9%
63-65	2,565	1.9%	2,488,721	970	30,129,989	11,747	1,140,648	1.8%	445	45.8%
65 and older	33,083	25.0%	35,746,532	1,081	439,104,739	13,273	12,760,468	20.2%	386	35.7%
Total	132,283	100.0%	\$ 144,999,585	\$ 1,096	\$ 1,581,110,508	11,952	\$ 63,286,166	100.0%	\$ 478	43.6%

Owners										
Age	Claimants		Property Tax		Household Income		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	Avg. Income (\$)	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Unknown	1,934	1.8%	\$ 3,789,498	\$ 1,959	\$ 27,816,868	14,383	\$ 1,076,508	1.8%	\$ 557	28.4%
18-25	1,550	1.4%	2,870,275	1,852	22,648,387	14,612	791,424	1.4%	511	27.6%
26-35	5,414	5.0%	10,871,612	2,008	73,923,001	13,654	2,994,950	5.1%	553	27.5%
36-45	10,833	10.1%	22,808,298	2,105	141,801,974	13,090	6,355,074	10.8%	587	27.9%
46-55	15,614	14.6%	32,655,899	2,091	191,263,451	12,249	9,451,172	16.1%	605	28.9%
56-60	8,342	7.8%	18,044,500	2,163	108,443,603	13,000	5,039,210	8.6%	604	27.9%
61-62	3,073	2.9%	6,470,248	2,106	41,395,117	13,471	1,753,242	3.0%	571	27.1%
63-65	2,983	2.8%	6,103,011	2,046	45,638,817	15,300	1,533,120	2.6%	514	25.1%
65 and older	57,520	53.6%	123,359,924	2,145	907,096,399	15,770	29,610,896	50.5%	515	24.0%
Total	107,263	100.0%	\$ 226,973,265	\$ 2,116	\$ 1,560,027,617	14,544	\$ 58,605,596	100.0%	\$ 546	25.8%

6. Geographic Distribution by County

Table 10 shows the distribution of Homestead claimants by household income, property tax and average benefits across counties. Graph 1 shows the distribution of Homestead credit amounts by county. Graph 2 shows the household participation rate in each county. The participation rate uses estimates by the Department of Administration of the number of households in 2005. The credit claims are based on 2005 tax year returns filed in fiscal year 2006. The overall statewide participation rate is about 11%. Table 2A, in the appendix, provides population and household counts by county.

As is clearly shown in Graph 1, a number of counties in the northern part of the state receive a small amount of credit compared to counties elsewhere in the state. Graph 2 shows that household participation is less in the southeastern part of the state. The only county with less than a 5% participation rate is Menominee. The counties with the largest amount of claims are Milwaukee and Dane.

TABLE 10
HOMESTEAD CREDIT BY COUNTY, FY06

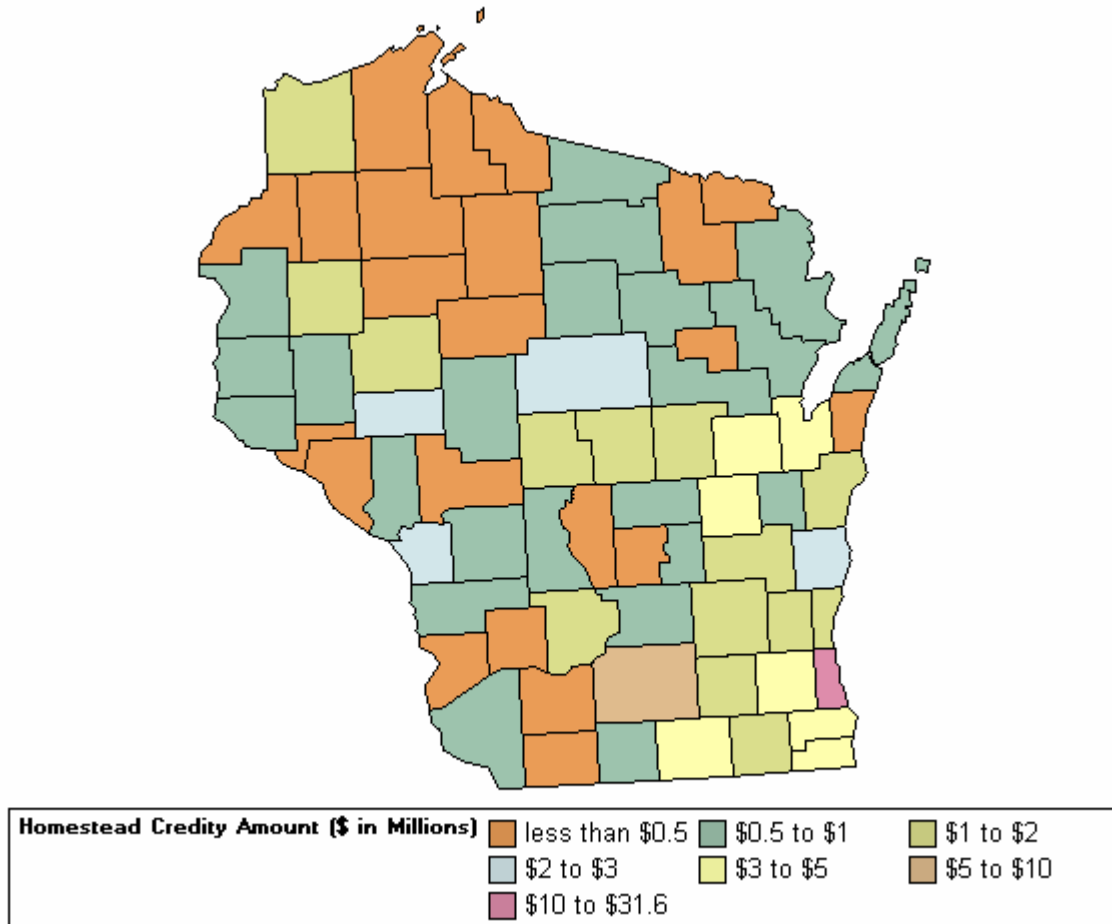
County	Claimants		Property Tax		Household Income		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	Avg. Income	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Adams	980	0.4%	\$ 1,256,473	\$ 1,282	\$ 11,972,787	\$ 12,217	\$ 471,330	0.4%	\$ 481	37.5%
Ashland	926	0.4%	1,034,802	1,117	11,201,872	12,097	420,328	0.3%	454	40.6%
Barron	2,551	1.1%	3,362,419	1,318	32,430,161	12,713	1,248,972	1.0%	490	37.1%
Bayfield	712	0.3%	841,824	1,182	8,596,020	12,073	334,508	0.3%	470	39.7%
Brown	9,458	3.9%	14,004,229	1,481	122,517,824	12,954	4,616,880	3.8%	488	33.0%
Buffalo	661	0.3%	877,059	1,327	8,108,575	12,267	336,098	0.3%	508	38.3%
Burnett	709	0.3%	989,021	1,395	8,216,910	11,589	357,242	0.3%	504	36.1%
Calumet	1,259	0.5%	1,943,266	1,543	18,200,998	14,457	587,752	0.5%	467	30.2%
Chippewa	2,771	1.2%	4,718,679	1,703	35,445,638	12,792	1,329,050	1.1%	480	28.2%
Clark	1,902	0.8%	2,449,305	1,288	23,943,755	12,589	956,294	0.8%	503	39.0%
Columbia	1,942	0.8%	3,260,166	1,679	26,263,964	13,524	986,294	0.8%	508	30.3%
Crawford	953	0.4%	1,275,549	1,338	11,663,701	12,239	470,194	0.4%	493	36.9%
Dane	15,962	6.7%	26,876,820	1,684	209,688,785	13,137	8,304,490	6.8%	520	30.9%
Dodge	3,126	1.3%	5,298,505	1,695	45,364,848	14,512	1,519,472	1.2%	486	28.7%
Door	1,262	0.5%	1,939,505	1,537	17,065,619	13,523	634,766	0.5%	503	32.7%
Douglas	2,208	0.9%	2,729,577	1,236	27,026,984	12,240	1,049,626	0.9%	475	38.5%
Dunn	1,615	0.7%	2,349,611	1,455	20,694,048	12,814	802,980	0.7%	497	34.2%
Eau Claire	4,813	2.0%	6,329,444	1,315	60,180,737	12,504	2,325,964	1.9%	483	36.7%
Florence	241	0.1%	287,190	1,192	2,787,994	11,568	108,728	0.1%	451	37.9%
Fond du Lac	3,937	1.6%	5,579,189	1,417	54,777,631	13,914	1,832,636	1.5%	465	32.8%
Forest	447	0.2%	491,442	1,099	5,567,105	12,454	187,898	0.2%	447	38.2%
Grant	2,050	0.9%	2,476,142	1,208	22,658,602	11,053	952,314	0.8%	465	38.5%
Green	1,521	0.6%	2,356,973	1,550	20,858,074	13,713	738,130	0.6%	485	31.3%
Green Lake	986	0.4%	1,542,945	1,565	13,326,816	13,516	500,770	0.4%	508	32.5%
Iowa	835	0.3%	1,298,711	1,555	11,115,647	13,312	426,530	0.3%	511	32.8%
Iron	417	0.2%	450,853	1,081	4,974,977	11,930	179,026	0.1%	429	39.7%
Jackson	943	0.4%	1,160,525	1,231	11,548,618	12,247	459,168	0.4%	487	39.6%
Jefferson	2,756	1.2%	4,608,248	1,672	39,529,430	14,343	1,313,612	1.1%	477	28.5%
Juneau	1,287	0.5%	1,636,253	1,271	16,411,555	12,752	620,180	0.5%	482	37.9%
Kenosha	6,242	2.6%	11,278,074	1,807	85,114,763	13,636	3,324,716	2.7%	533	29.5%
Kewaunee	809	0.3%	1,184,755	1,464	11,312,921	13,984	395,252	0.3%	489	33.4%
La Crosse	5,363	2.2%	7,684,414	1,433	70,488,679	13,144	2,589,564	2.1%	483	33.7%
Lafayette	682	0.3%	1,029,814	1,510	8,117,311	11,902	327,958	0.3%	682	31.8%
Langlade	1,302	0.5%	1,497,951	1,151	15,922,523	12,229	603,686	0.5%	464	40.3%
Lincoln	1,390	0.6%	1,755,002	1,263	17,777,644	12,790	669,978	0.5%	482	38.2%
Manitowoc	4,099	1.7%	5,837,163	1,424	56,253,500	13,724	1,959,924	1.6%	478	33.6%

TABLE 10 (Continued)
HOMESTEAD CREDIT BY COUNTY, FY06

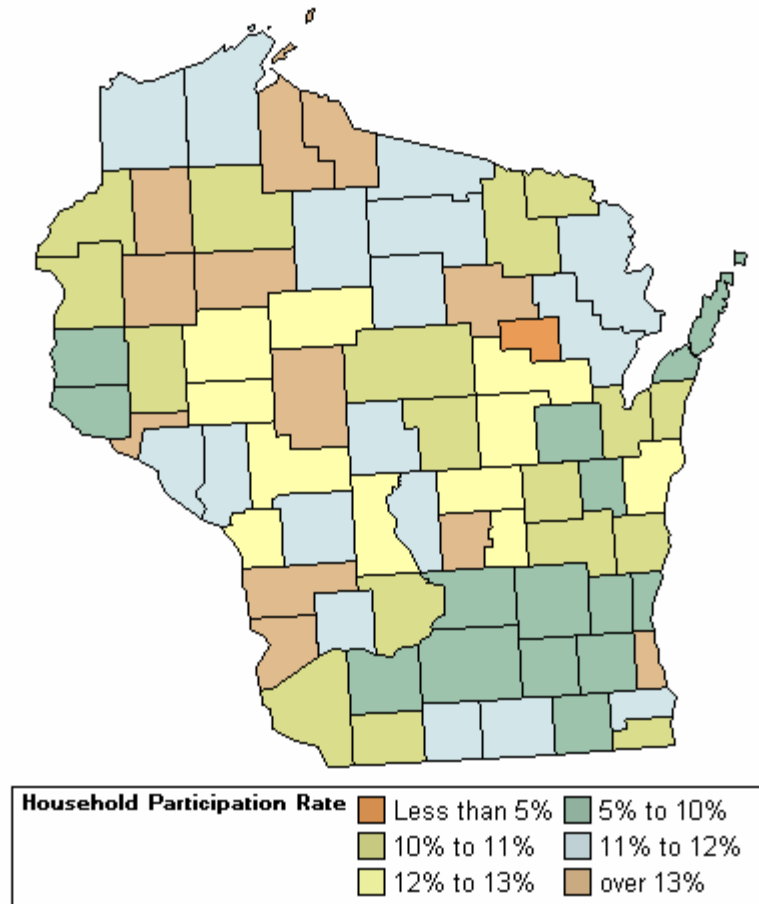
County	Claimants		Property Tax		Household Income		Credit			
	Count	% of Total	Amount (\$)	Avg. Tax (\$)	Amount (\$)	Avg. Income	Amount (\$)	% of Total	Avg. Credit (\$)	% of Relief
Marathon	5,465	2%	\$ 9,149,270	\$ 1,674	\$ 74,729,842	\$ 13,674	\$ 2,767,806	2%	\$ 506	30.3%
Marinette	2,033	1%	2,198,288	1,081	24,284,035	11,945	918,980	1%	452	41.8%
Marquette	867	0%	1,249,126	1,441	11,546,046	13,317	445,542	0%	514	35.7%
Menominee	39	0%	90,279	2,315	542,547	13,911	19,112	0%	490	21.2%
Milwaukee	56,843	24%	91,539,614	1,610	718,778,915	12,645	31,597,636	26%	556	34.5%
Monroe	1,841	1%	2,461,567	1,337	24,015,476	13,045	888,222	1%	482	36.1%
Oconto	1,780	1%	2,458,247	1,381	22,613,412	12,704	907,392	1%	510	36.9%
Oneida	1,788	1%	2,500,557	1,399	24,141,470	13,502	842,016	1%	471	33.7%
Outagamie	6,312	3%	9,544,662	1,512	88,025,722	13,946	3,096,226	3%	491	32.4%
Ozaukee	2,154	1%	4,687,922	2,176	30,915,465	14,353	1,104,998	1%	513	23.6%
Pepin	420	0%	645,957	1,538	5,591,981	13,314	217,286	0%	517	33.6%
Pierce	1,019	0%	1,712,278	1,680	13,068,177	12,825	545,806	0%	536	31.9%
Polk	1,802	1%	2,712,090	1,505	23,365,205	12,966	907,570	1%	504	33.5%
Portage	2,756	1%	3,696,766	1,341	35,405,743	12,847	1,393,564	1%	506	37.7%
Price	800	0%	989,208	1,237	9,373,521	11,717	394,776	0%	493	39.9%
Racine	8,161	3%	13,885,722	1,701	110,537,453	13,545	4,410,460	4%	540	31.8%
Richland	823	0%	1,032,490	1,255	10,285,518	12,498	393,436	0%	478	38.1%
Rock	7,126	3%	10,276,096	1,442	94,305,497	13,234	3,598,102	3%	505	35.0%
Rusk	870	0%	961,380	1,105	10,536,637	12,111	405,734	0%	466	42.2%
St. Croix	1,701	1%	2,942,104	1,730	22,699,126	13,345	868,756	1%	511	29.5%
Sauk	2,522	1%	3,904,370	1,548	32,189,126	12,763	1,229,088	1%	487	31.5%
Sawyer	720	0%	868,081	1,206	8,464,676	11,756	327,530	0%	455	37.7%
Shawano	2,048	1%	2,631,425	1,285	26,625,671	13,001	973,514	1%	475	37.0%
Sheboygan	4,645	2%	7,373,166	1,587	63,994,341	13,777	2,192,064	2%	472	29.7%
Taylor	987	0%	1,283,587	1,300	10,094,182	10,227	488,794	0%	495	38.1%
Trempealeau	1,302	1%	1,826,116	1,403	16,686,149	12,816	687,020	1%	528	37.6%
Vernon	1,738	1%	2,387,437	1,374	20,924,703	12,040	908,174	1%	523	38.0%
Vilas	1,089	0%	1,559,299	1,432	14,443,066	13,263	509,428	0%	468	32.7%
Walworth	3,225	1%	5,940,316	1,842	44,405,935	13,769	1,713,030	1%	531	28.8%
Washburn	954	0%	1,122,933	1,177	11,495,551	12,050	448,496	0%	470	39.9%
Washington	3,422	1%	6,285,443	1,837	50,451,080	14,743	1,618,562	1%	473	25.8%
Waukesha	8,755	4%	18,520,272	2,115	128,442,777	14,671	4,218,068	3%	482	22.8%
Waupaca	2,659	1%	3,760,175	1,414	35,532,285	13,363	1,322,332	1%	497	35.2%
Waushara	1,294	1%	1,795,534	1,388	17,096,973	13,212	630,218	1%	487	35.1%
Winnebago	6,697	3%	9,647,078	1,441	88,756,846	13,253	3,272,430	3%	489	33.9%
Wood	3,711	2%	4,564,895	1,230	48,941,954	13,188	1,658,152	1%	447	36.3%
Unknown	61	0%	77,202	1,266	704,006	11,541	29,132	0%	478	37.7%
Total	239,546	100.0%	\$ 371,972,850	\$ 1,553	\$ 3,141,138,125	\$ 13,113	\$ 121,891,762	100.0%	\$ 509	32.8%

Note: Detail may not sum to total due to rounding.

GRAPH 1
HOMESTEAD CREDIT AMOUNTS BY COUNTY, FY06



GRAPH 2
HOMESTEAD HOUSEHOLD PARTICIPATION BY COUNTY, FY06



[illegible]

TABLE 2A
POPULATION AND HOUSEHOLD COUNTS BY COUNTY, FY06

County	Claimants		Households		Population	
	Count	% of Total	Count	Participation Rate	Count	% of Statewide Total
Adams	980	0.4%	8,460	11.58%	21,548	0.38%
Ashland	926	0.4%	6,982	13.26%	16,906	0.30%
Barron	2,551	1.1%	18,784	13.58%	47,247	0.84%
Bayfield	712	0.3%	6,462	11.02%	15,828	0.28%
Brown	9,458	3.9%	92,891	10.18%	242,733	4.32%
Buffalo	661	0.3%	5,673	11.65%	14,142	0.25%
Burnett	709	0.3%	7,075	10.02%	16,614	0.30%
Calumet	1,259	0.5%	16,262	7.74%	45,711	0.81%
Chippewa	2,771	1.2%	22,002	12.59%	60,893	1.08%
Clark	1,902	0.8%	12,160	15.64%	34,501	0.61%
Columbia	1,942	0.8%	21,532	9.02%	55,272	0.98%
Crawford	953	0.4%	6,893	13.83%	17,461	0.31%
Dane	15,962	6.7%	187,768	8.50%	464,513	8.27%
Dodge	3,126	1.3%	32,751	9.54%	89,063	1.59%
Door	1,262	0.5%	12,664	9.97%	29,720	0.53%
Douglas	2,208	0.9%	18,514	11.93%	43,932	0.78%
Dunn	1,615	0.7%	15,347	10.52%	42,752	0.76%
Eau Claire	4,813	2.0%	37,959	12.68%	97,760	1.74%
Florence	241	0.1%	2,249	10.72%	5,258	0.09%
Fond du Lac	3,937	1.6%	38,787	10.15%	100,716	1.79%
Forest	447	0.2%	4,206	10.63%	10,276	0.18%
Grant	2,050	0.9%	19,207	10.67%	50,529	0.90%
Green	1,521	0.6%	13,722	11.08%	36,054	0.64%
Green Lake	986	0.4%	7,849	12.56%	19,353	0.34%
Iowa	835	0.3%	9,149	9.13%	23,964	0.43%
Iron	417	0.2%	3,159	13.20%	6,983	0.12%
Jackson	943	0.4%	7,409	12.73%	19,969	0.36%
Jefferson	2,756	1.2%	29,860	9.23%	80,092	1.43%
Juneau	1,287	0.5%	10,092	12.75%	26,903	0.48%
Kenosha	6,242	2.6%	59,956	10.41%	159,638	2.84%
Kewaunee	809	0.3%	7,929	10.20%	21,157	0.38%
La Crosse	5,363	2.2%	43,452	12.34%	110,743	1.97%
Lafayette	682	0.3%	6,340	10.76%	16,311	0.29%
Langlade	1,302	0.5%	8,787	14.82%	21,471	0.38%
Lincoln	1,390	0.6%	12,041	11.54%	30,565	0.54%
Manitowoc	4,099	1.7%	33,781	12.13%	84,640	1.51%

TABLE 2A (Continued)
POPULATION AND HOUSEHOLD COUNTS BY COUNTY, FY06

County	Claimants		Households		Population	
	Count	% of Total	Count	Participation Rate	Count	% of Statewide Total
Marathon	5,465	2%	50,109	10.91%	132,697	2.36%
Marinette	2,033	1%	18,287	11.12%	44,543	0.79%
Marquette	867	0%	6,303	13.76%	15,252	0.27%
Menominee	39	0%	1,501	2.60%	4,633	0.08%
Milwaukee	56,843	24%	390,021	14.57%	936,892	16.68%
Monroe	1,841	1%	16,280	11.31%	43,555	0.78%
Oconto	1,780	1%	14,998	11.87%	38,690	0.69%
Oneida	1,788	1%	15,992	11.18%	38,313	0.68%
Outagamie	6,312	3%	65,087	9.70%	172,618	3.07%
Ozaukee	2,154	1%	32,183	6.69%	86,389	1.54%
Pepin	420	0%	2,936	14.31%	7,634	0.14%
Pierce	1,019	0%	13,829	7.37%	39,805	0.71%
Polk	1,802	1%	17,401	10.36%	45,139	0.80%
Portage	2,756	1%	26,601	10.36%	69,591	1.24%
Price	800	0%	6,710	11.92%	16,066	0.29%
Racine	8,161	3%	73,185	11.15%	194,580	3.46%
Richland	823	0%	7,296	11.28%	18,125	0.32%
Rock	7,126	3%	61,101	11.66%	158,525	2.82%
Rusk	870	0%	6,334	13.74%	15,572	0.28%
St. Croix	1,701	1%	27,013	6.30%	78,028	1.39%
Sauk	2,522	1%	23,073	10.93%	60,054	1.07%
Sawyer	720	0%	7,100	10.14%	17,411	0.31%
Shawano	2,048	1%	16,399	12.49%	42,304	0.75%
Sheboygan	4,645	2%	45,141	10.29%	116,348	2.07%
Taylor	987	0%	7,725	12.78%	19,917	0.35%
Trempealeau	1,302	1%	11,093	11.74%	28,126	0.50%
Vernon	1,738	1%	11,166	15.57%	29,400	0.52%
Vilas	1,089	0%	9,477	11.49%	22,412	0.40%
Walworth	3,225	1%	36,695	8.79%	99,761	1.78%
Washburn	954	0%	6,960	13.71%	17,236	0.31%
Washington	3,422	1%	46,829	7.31%	127,871	2.28%
Waukesha	8,755	4%	141,432	6.19%	379,577	6.76%
Waupaca	2,659	1%	20,635	12.89%	53,575	0.95%
Waushara	1,294	1%	10,205	12.68%	25,083	0.45%
Winnebago	6,697	3%	63,801	10.50%	163,867	2.92%
Wood	3,711	2%	31,158	11.91%	76,937	1.37%
Unknown	61	0%				
Total	239,546	100.0%	2,190,210	10.94%	5,617,744	100.00%

*Based on DOA population and household estimates.

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